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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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In the Matter of	)	
	)	
Access Charge Reform	)	CC Docket No. 96-262
	)	
Price Cap Performance Review	)	CC Docket No. 94-1
for Local Exchange Carriers	)	
	)	
Transport Rate Structure	)	CC Docket No. 91-213
and Pricing	)	
	)	
Usage of the Public Switched	)	CC Docket No. 96-263
Network by Information Service	)	
and Internet Access Providers	)	
	)	

**REPLY COMMENTS OF THE PEOPLE OF THE STATE OF CALIFORNIA
AND OF THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA ON THE NOTICE OF INQUIRY**

I.   INTRODUCTION

The People of the State of California and the Public Utilities Commission of the

State of California (California or CPUC) respectfully submit these reply comments to the

Federal Communications Commission (FCC or Commission) on the Notice of Inquiry on

Internet Service Providers (ISPs). In these reply comments, the CPUC responds to

other parties' comments on but one issue.

California Public Utilities Commission
April 22, 1997

II.   THE FCC SHOULD NOT, IN THE CONTEXT OF THIS NOI OR THE COMPANION NPRM , RESTRUCTURE ACCESS CHARGES SO AS TO APPLY THEM TO ISPS

Having reviewed the parties' opening comments, California notes that most of the discussion in the comments concerns the fundamental question of whether ISPs should be required to pay interstate access charges. Persuasive arguments were presented on both sides of the access charge issue. California has nothing to add to this debate, other than what we stated in our opening comments, i.e., that "a clear justification would be required to single out ESPs and ISPs for treatment different from that accorded other end users". In California's view, the FCC does not have sufficient information on which to base such differing treatment for ISPs.

Consequently, California again urges the Commission to act advisedly. The FCC deemed the NOI to be the appropriate mechanism for gathering data precisely to determine the extent of the problem network congestion problem that local exchange carriers (LECs) allege. The FCC has set forth in the NOI clear requests for very specific information which it can evaluate and then decide if a problem exists. Assuming the FCC finds a network congestion problem, and determines the cause of the problem, the Commission then will need to assess whether efforts to resolve the problem are, indeed, causing costs which the LECs are entitled to recover, and if so, from whom. Alternatively, as noted in opening comments, California suggest that the alleged problem may best be solved by market forces.

The process for FCC review and analysis described above must occur before the FCC attempts to fashion a solution to the alleged problem. For this reason, California opposes the recommendations of those parties who urge the Commission to act promptly, within the context of the NOI or the companion NPRM, to assess access charges against ISPs. This is not the time or place for the Commission to make such a change in its interstate access policy. Once the Commission has reviewed the data and proposed rules or further proceedings, California will comment on the alternatives presented at that time.

III. CONCLUSION

California submits these reply comments on the Internet Service Provider NOI for consideration in this docket.

Dated: April 22, 1997   Respectfully submitted,

PETER ARTH, JR.
LIONEL B. WILSON
HELEN M. MICKIEWICZ

By: /s/ HELEN M. MICKIEWICZ
      _____
      HELEN M. MICKIEWICZ

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Attorneys for the Public Utilities Commission of
the State of California

CERTIFICATE OF SERVICE

I, Helen M. Mickiewicz, hereby certify that on this 22nd day of April, 1997, a true and correct copy of the foregoing REPLY COMMENTS OF THE STATE OF CALIFORNIA AND OF THE PUBLIC UTILITIES COMMISSION OF THE STATE OF in CC Docket No. 92-262, was mailed first class, postage prepaid to all known parties of record.

/s/ HELEN M. MICKIEWICZ

Helen M. Mickiewicz